

The Managed Risk Medical Insurance Board

2008-09 Governor's Budget Overview

The 2008-09 Governor's Budget for the Managed Risk Medical Insurance Board (MRMIB) supports services to improve the health of Californians. For fiscal year (FY) 2008-09 the Governor's Budget provides a total of \$1,275,657,000 for all of MRMIB's programs. Of the proposed amount, \$12,364,000 is for state operations and \$1,263,293,000 is for local assistance. Closing the State's substantial structural budget gap requires significant action. The Governor has called for a 10 percent "across-the board" reduction thereby spreading reductions throughout all General Fund supported services in State government. This action starkly contrasts previous approaches which have resulted in health and human services programs taking disproportionate budget cuts. The 10 percent budget reduction targets were based on projected 2008/09 program expenditures rather than current year spending levels. MRMIB's budget balancing proposals total \$117,963,000 (\$41,899,000 General Fund).

MRMIB 2008-09 State Operations

State Operations by Program*		
Program Title	Program	2008-09 Proposed – All Funds
HFP	40	\$9,702
AIM	20	\$953
CHIM	50	\$486
MRMIP	10	\$1,223
Total State Operations – All Funds		\$12,364

State Operations by Fund Source*	
Fund Source	2008-09 Proposed
General Fund (GF)	\$2,601
Federal Funds (FF)	\$7,434
Special Funds and Reimbursements	\$2,329
Total State Operations – All Funds	\$12,364

MRMIB 2008-09 Local Assistance

Local Assistance by Program*		
Program Title	Program	2008-09 Proposed – All Funds
HFP	40	\$1,190,353
HFP Reductions	40	(\$117,963)
AIM	20	\$153,739
CHIM	50	\$2,388
MRMIP	10	\$34,776
Total Local Assistance – All Funds		\$1,381,256
Total Local Assistance after Reductions		\$1,263,293

Local Assistance by Fund Source*	
Fund Source	2008-09 Proposed
General Fund (GF)	\$429,737
<i>GF Savings (HFP Reductions)</i>	<i>(\$41,899)</i>
Federal Funds (FF)	\$838,779
<i>FF Savings (HFP Reductions)</i>	<i>(\$76,064)</i>
Special Funds and Reimbursements	\$112,740
Total Local Assistance – All Funds	\$1,381,256
Total Local Assistance after Reductions	\$1,263,293

*Dollars in thousands

Total MRMIB 2008-09 Budget

MRMIB Budget by Fund Source*	
Fund Source	2008-09 Proposed
General Fund (GF)	\$432,338
<i>GF Savings (HFP Reductions)</i>	<i>(\$41,899)</i>
Federal Funds (FF)	\$846,213
<i>FF Savings (HFP Reductions)</i>	<i>(\$76,064)</i>
Special Funds and Reimbursements	\$115,069
Total Funds – All Funds	\$1,393,620
Total Funds (with HFP Reductions) – All Funds	\$1,275,657

**Dollars in thousands*

2008-09 Enrollment Levels by Program

Healthy Families Program

For the Governor's Budget, MRMIB projects a year-end total enrollment of 954,252 subscribers. This is an increase of 65,802 subscribers compared to the 888,450 projected subscribers for the current year November Estimate. This increase in enrollment results in a budget year total growth rate of 7.4 percent over the current year.

Access for Infants and Mothers Program

For the Governor's Budget, MRMIB projects a total annual enrollment of 15,836 subscribers. This is an increase of 1,977 subscribers compared to the 13,859 projected subscribers for the current year November Estimate. This increase in enrollment results in a budget year total growth rate of 14 percent over the current year.

Major Risk Medical Insurance Program

In the current year, the Major Risk Medical Insurance Program has funding for 8,101 subscribers. This is a reduction of 9 percent compared to 2006-07 funding levels. As of January 5, 2008, 339 applicants have been waitlisted.

County Children's Health Initiative Matching Fund Program

For the Governor's Budget, MRMIB projects a total annual enrollment of 1,891 subscribers. This is an increase of 48 subscribers compared to the 1,843 projected subscribers for the current year November Estimate. This increase in enrollment results in a budget year total growth rate of 3 percent over the current year.

2008-09 Budget Balancing Reductions

Healthy Families Program

Annual Benefit Limit for Dental Coverage

- An annual benefit limit of \$1,000 for dental coverage will be established. MRMIB's actuary estimates that 5% of HFP subscribers will reach the benefit limit.
- This proposal will result in a savings of \$6.3 million General Fund in fiscal year (FY) 2008-09. This reduction also decreases Federal Funding need by \$11.4 million.
- To implement in the 2008-09 benefit year, necessary statute changes need to be made by March 1, 2008, as proposed by the Governor.

Increase Premiums for Subscribers Over 150% FPL

- The statewide increase in subscriber premiums will be an average of \$3 per child per month. Premiums for families with incomes below 150 percent FPL (Category A) will not increase. Premiums for families with incomes between 150 and 200 percent FPL (Category B) will increase from \$9 per child per month to \$16 per child per month, an increase of \$7 per child per month. Premiums for families with incomes above 200 percent FPL (Category C) will increase from \$15 per child per month to \$19 per child per month, an increase of \$4 per child per month.
- All existing discounts continue to be available. Discounts available include: Community Provider Plan discount, Electronic Funds Transfer discount, advance payment of 3 months premium discount, and others.
- This premium increase will result in a FY 2008-09 General Fund (GF) savings of \$11.1 million and will reduce Federal Funds needed by \$20.2 million.
- To implement in the 2008-09 budget year, necessary statute changes need to be made by March 1, 2008, as proposed by the Governor.

Increase Co-Payments for Non-Preventive Services for Subscribers Over 150% FPL

- An increase in co-payments from \$5 to \$7.50 for non-preventive services for families with incomes over 150 percent of FPL. MRMIB estimates this will reduce health plan rates by 1.25 percent.
- This increase in co-payments will result in a General Fund savings of \$3.4 million and will reduce Federal Funds needed by \$6.2 million for FY 2008-09.
- To implement in the 2008-09 benefit year, necessary statute changes need to be made by March 1, 2008, as proposed by the Governor.

Reduce HFP Plan Rates by 5 Percent

- Capitation payments to all health, dental and vision plans (across all subscriber age groups) will be reduced by 5 percent from the 2007-08 rates. Rates are negotiated beginning in January of each year and approved by the Board in March of each year.
- This rate reduction will result in a FY 2008-09 General Fund (GF) savings of \$22.4 million and will reduce Federal Funds needed by \$40.7 million.
- To implement in the 2008-09 benefit year, necessary statute changes need to be made by March 1, 2008, as proposed by the Governor.

2008-09 Reductions due to Declining Proposition 99 Revenues

Healthy Families Program

Rural Health Demonstration Project

- Due to declining revenues in Proposition 99, the Rural Health Demonstration Project is funded at \$2,582,857 (\$904,000 Proposition 99). This is a reduction of \$3,265,714 compared to the 2007 Budget Act funding level of \$5,848,571.

Consumer Assessment of Plans Survey

- Due to declining revenues in Proposition 99, the annual Consumer Assessment of Plans Survey will not be funded for 2008-09. This is a reduction of \$500,000 (\$175,000 Proposition 99) compared to the 2007 Budget Act funding level.

Major Risk Medical Insurance Program

Due to declining Proposition 99 revenues, the Governor's Budget reduces funding for the Major Risk Medical Insurance Program by \$4,000,000 to \$36,000,000. This means MRMIP will serve fewer than 8,101 subscribers in 2008-09 and will have an increasing waitlist.

2008-09 Other Significant Budget Decisions

Healthy Families Program

- No Cost Sharing Increases for Subscribers under 150 Percent of FPL
- No Reduction to HFP Income Eligibility Levels
- No Reduction to Certified Application Assistor Payments
- Implementation of SB 437. The Governor's Budget funds the implementation of self-certification of income during a family's Annual Eligibility Review and other changes associated with SB 437.

Access for Infants and Mothers Program

- No Cost Sharing Increases
- No Reduction to AIM Income Eligibility Levels

State Children's Health Insurance Program Funding

The State Children's Health Insurance Program (SCHIP) established by Title XXI of the Social Security Act is a major source of funding for HFP, AIM and CHIM. On December 29, 2007, President Bush signed legislation extending SCHIP funding through March 31, 2009. The legislation signed by President Bush included sufficient funding for shortfall states, such as California, to maintain projected enrollment levels through March 2009. The process of funding shortfall states has not yet been made public.

Managed Risk Medical Insurance Board Program Overview

The California Managed Risk Medical Insurance Board (MRMIB) provides and promotes access to affordable coverage for comprehensive, high quality, cost effective healthcare services to improve the health of Californians. The MRMIB administers four health care programs:

Access for Infants & Mothers (AIM)

The Access for Infants and Mothers program provides low cost insurance coverage to uninsured, middle income pregnant women. The total cost is 1.5% of the subscriber's adjusted annual household income. The State of California and the Federal Government supplement the participant's contribution to cover the full cost of care.

The AIM Program provides comprehensive healthcare from the effective date of coverage in AIM until 60 days after the pregnancy has ended. Pregnant women receive their care from participating health plans. Babies born to women enrolled in AIM are eligible for enrollment in the Healthy Families Program.

Healthy Families Program (HFP)

The Healthy Families Program provides health, dental and vision coverage to uninsured children, until the age 19, in families with income greater than 100% and less than 250% of the Federal Poverty Level (FPL). Families participating in HFP choose between a number of participating health, dental and vision plans. Families pay between \$4 and \$15 monthly premiums per child with a maximum of \$45 per family. The State and Federal governments provide funding for the HFP.

Major Risk Medical Insurance Program (MRMIP)

The Major Risk Medical Insurance Program provides health insurance for Californians unable to obtain coverage in the individual health insurance market because of pre-existing conditions.

Californians qualifying for the program participate in the cost of their coverage by paying premiums. The State of California uses tobacco tax funds to supplement the premiums paid by participants to cover the cost of care in MRMIP. The State shares the cost of post-MRMIP coverage with health plans that provide the coverage.

County Children's Health Initiative Matching Fund Program (CHIM)

The County Children's Health Initiative Program was established by Chapter 648, Statutes of 2001 (AB 495). This program allows Counties to draw down federal financial participation to match local funds spent on children's health initiatives.

For additional information about MRMIB, visit www.mrmib.ca.gov.